

## STATE EMPLOYEES - SUMMARY OF KEY RECOMMENDATIONS

### SALARY INCREASE

The executive budget recommendation provides funding for state employee salary increases equal to 4 percent of salaries effective July 1, 2005, and 3 percent effective July 1, 2006. Agencies may provide an additional 1 percent salary increase on July 1, 2006, to the extent the increase can be paid with existing agency resources. Specific language regarding the salary increases is included in Section 7 of House Bill No. 1015, the appropriations bill for the Office of Management and Budget.

### SPECIAL MARKET EQUITY ADJUSTMENTS

The 2005-07 executive budget recommendation includes a \$5 million statewide compensation plan line item in House Bill No. 1015, the appropriations bill for the Office of Management and Budget, to be used for market equity compensation adjustments for classified state employees. Of the \$5 million, \$2.5 million is from the general fund and \$2.5 million from special funds.

### HIGHER EDUCATION

The executive budget recommendation authorizes the State Board of Higher Education to adjust full-time equivalent (FTE) positions as needed, subject to the availability of funds, for institutions under its control. The State Board of Higher Education is to report any adjustments to the Office of Management and Budget prior to the submission of the 2007-09 budget request.

The executive budget recommendation does not provide higher education institutions specific funding for salary or health insurance increases. The increases are to be provided from the total funding recommended for the University System.

### ELECTED AND APPOINTED OFFICIALS

The executive budget recommendation provides funding for elected and appointed officials salary increases equal to 4 percent of salaries effective July 1, 2005, and 3 percent effective July 1, 2006, which is the same level as provided for other state employees. An additional 1 percent may be provided on July 1, 2006, to the extent the increase can be paid with existing agency resources. Specific language regarding the salary increases is included in Section 7 of House Bill No. 1015, the appropriations bill for the Office of Management and Budget.

### JUDICIAL BRANCH

The judicial branch budget request includes funding to provide district court judges' salary increases of approximately 5.78 percent for the first year of the biennium and 4 percent for the second year of the biennium. Salary increases for Supreme Court judges are 5.78 percent the first year of the biennium and 4 percent the second year of the biennium. Salary increases for other employees of the judicial branch are included at the same level as provided for other state employees, or 4 percent of salaries effective July 1, 2005, and 3 percent of salaries effective July 1, 2006, with an additional 1 percent authorized on July 1, 2006, to the extent the increase can be paid from existing judicial branch resources. Additional increases may be provided to other employees of the judicial branch pursuant to the judicial branch salary schedule.

### HEALTH INSURANCE

The executive budget recommendation continues funding for the cost of health insurance premiums for state employees. The executive budget provides \$559.15 per month for employee health insurance (an increase of \$70 compared to the 2003-05 premium). A recent history of monthly health insurance premiums provided for each employee is listed below:

1995-97	\$265
1997-99	\$301
1999-2001	\$350
2001-03	\$409
2003-05	\$489
2005-07 executive recommendation	\$559

### EMPLOYEE ASSISTANCE PROGRAM

The monthly rate for the employee assistance program (EAP) increased from \$1.35 to \$1.42 per month. This is the first rate adjustment to EAP since the program began in 1997.

### TOTAL COMPENSATION CHANGES COST

The schedule below provides the total cost of major compensation changes recommended in the 2005-07 executive budget. The executive budget recommendation does not provide higher education institutions specific funding for salary or health insurance increases.

	<b>General Fund</b>	<b>Special Funds</b>	<b>Total</b>
Salary increase - 4% July 2005 and 3% July 2006	\$18,074,042	\$19,876,901	\$37,950,943
Health insurance (\$14,292,502) and employee assistance program (\$17,452) increase	5,777,512	8,532,442	14,309,954
Equity adjustment - State employee salary pool in the Office of Management and Budget	2,500,000	2,500,000	5,000,000
Equity adjustment - Department of Corrections and Rehabilitation correctional officers	1,000,000		1,000,000
<b>Total</b>	<b>\$27,351,554</b>	<b>\$30,909,343</b>	<b>\$58,260,897</b>

### **FULL-TIME EQUIVALENT POSITIONS**

The executive budget recommendation for the 2005-07 biennium includes a total of 10,618.15 FTE positions, 167.78 FTE positions fewer than the 2003-05 authorized level. This includes a reduction of 203.71 higher education FTE positions to reflect institutional reductions and to report only the number of FTE positions funded from the general fund. The net increase, excluding the higher education positions, is 35.93 FTE positions. The recommendation includes the addition of 137.66 new FTE positions and the deletion of 101.73 FTE positions. The cost of the 137.66 new FTE positions totals \$12,917,785 for the 2005-07 biennium, including salary and health insurance increases. Of this amount, \$7,694,828 is from the general fund. Funding reductions relating to the 101.73 deleted positions totals \$4,393,378 for the 2005-07 biennium. Of this amount, \$2,277,162 is from the general fund.